Universities Academic Pension Plan

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 1988

Alberta
TREASURY

Universities Academic Pension Plan

ANNUAL REPORT

for the fiscal year ended March 31, 1988

90-00325/

Alberta

PROVINCIAL TREASURER
224 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-8809

June 1989

The Honourable Dr. David Carter
Speaker of the Assembly

Sir:

Pursuant to section 4 of the Universities Academic Pension Plan Act, being Chapter U-6.1 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Universities Academic Pension Plan for the fiscal year ended March 31, 1988.

Respectfully submitted,

Dick Johnston
Provincial Treasurer

Alberta
TREASURY

442 Terrace Building, 9515 - 107 Street, Edmonton, Alberta, Canada T5K 2C3 403/427-4106

June 1989

The Honourable Dick Johnston
Provincial Treasurer

Sir:

In accordance with section 4 of the Universities Academic Pension Plan Act, I have the honour to transmit herewith the annual report on the operation of the Universities Academic Pension Plan for the fiscal year ended March 31, 1988, to be laid by you before the Legislative Assembly.

The annual report includes a statement of the most recent estimate of the actuarial liabilities of the Plan as required by section 4(2) of the Act.

Respectfully submitted,

A. D. O'Brien
Deputy Provincial Treasurer
Management and Control

TABLE OF CONTENTS

	Page
Introduction	2
Plan Overview	2
Review of Operations	2
Actuarial Liabilities	2
Participation	3
Book Entry Transfers	3
Reciprocal Agreements	3
Reciprocal Transfers	4
Contributions	4
Refunds	4
Death in Service Benefits	5
Information and Counselling Services	5
Pension Benefits	5
Statement of Receipts and Payments	7
Comparative Statistics	7

Introduction

The Universities Academic Pension Plan was established effective July 1, 1978, by the Universities Academic Pension Act to provide a contributory pension scheme for members of the Academic staff, including Presidents, of the Alberta Universities and the Banff Centre for Continuing Education.

The Universities Academic Pension Plan was repealed on November 1, 1985 and replaced by the Universities Academic Pension Plan Act. Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while the Universities Academic Pension Plan Board was assigned an advisory and appellate role.

Plan Overview

The Universities Academic Pension Plan is a contributory defined benefit plan under which employee contributions are six per cent of salary and employer contributions seven per cent. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the Fund. The Government of Alberta guarantees the payment of all benefits under the Universities Academic Pension Plan.

Members may retire at any time after age 55 without reduction in the amount of pension if 10 years of pensionable service has been accumulated or after age 65 with five years of pensionable service. The normal pensionable age is 65, however, there is no mandatory retirement age. Pension benefits are based on two per cent of the highest average pensionable earnings for five consecutive years, times the number of years of pensionable service. If the member has a spouse, unless a waiver is signed by that spouse, the pension must be a joint pension guaranteed for the life of the member and spouse. The normal form of a pension is for the life of the member with a 15 year guarantee period. Single members may elect a life pension, choosing a 5, 10 or 20 year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

The Plan also makes provision for those members who die prior to retirement and have accumulated at least 10 years of pensionable service. In such cases the surviving spouse is entitled to either a spousal pension or a lump sum benefit. The spousal pension is equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse must accept a lump sum benefit. The spouse of a member with less than 10 years of pensionable service must also accept a lump sum benefit.

Review of Operations

The Universities Academic Pension Plan is administered by Alberta Treasury, Payroll and Pensions.

Automation of and improvement to pension plan activities continued during the year although on a reduced scale. Of particular note was the introduction of an automated Notice of Return for employers resulting in more meaningful pension information in an improved format.

Annual statements containing information on pensionable service, contributions and prior service purchased were produced and distributed through employers to all active participants in the plan.

Actuarial Liabilities

An independent actuarial valuation carried out at March 31, 1988, estimated the accrued liability of the Universities Academic Pension Plan to be $995,238,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 23.2 per cent.

Participation

At March 31, 1988, there were a total of five employers participating in the Universities Academic Pension Plan, 4,312 active contributors and 156 terminated employees who had either not made a choice regarding their plan status or were awaiting a deferred pension.

A listing of the participating employers and the number of participants is provided in the section on Contributions.

Book Entry Transfers

The following transfers to and from other pension plans administered by the Province of Alberta were made by book entry during the year. These transfers are not reflected in the Statement of Receipts and Payments.

	Transfers to Universities Academic Pension Plan	Transfers from Universities Academic Pension Plan
	$	$
Public Service Pension Plan	636,976	41,266
Local Authorities Pension Plan	190,753	63,507
Public Service Management Pension Plan	439,740	–
	1,267,469	104,773

Reciprocal Agreements

At March 31, 1988, the Universities Academic Pension Plan had reciprocal transfer agreements in effect with the following pension authorities. The agreements enabled participants to transfer pension credits to and from these authorities.

Within Alberta

- Alberta Teachers' Retirement Fund
- Local Authorities Pension Plan
- Public Service Management Pension Plan
- Public Service Pension Plan

Outside Alberta

- Brock University
- Dalhousie College and University
- Government of Canada
- Government of New Brunswick
- Manitoba Teachers' Retirement Allowance Fund Board
- McGill University
- Ontario Council of Regents for the Colleges of Applied Arts and Technology
- Ontario Institute for Studies in Education
- Saint Paul University
- Saskatchewan Teachers' Superannuation Commission
- University of Guelph
- University of Manitoba
- University of Montreal
- University of Ottawa
- University of Prince Edward Island
- University of Saskatchewan
- University of Sherbrooke
- University of Toronto
- University of Waterloo
- Wilfrid Laurier University

The reciprocal agreement with the University of Regina was terminated effective September 3, 1987.

Reciprocal Transfers

During the year ended March 31, 1988, the following number and value of reciprocal transfers were undertaken:

	Transfers to Universities Academic Pension Plan		Transfers from Universities Academic Pension Plan	
	Number	Amount	Number	Amount
		$		$
Alberta Teachers' Retirement Fund	5	351,664	–	–
Government of Canada	4	192,613	–	–
University of Ottawa	–	–	3	117,238
Other	8	294,712	8	270,478
	17	838,989	11	387,716

Note: The amounts of reciprocal transfers to the Universities Academic Pension Plan are included under Contributions on page five.

Contributions

The schedule below summarizes the employee and employer contributions for the year ended March 31, 1988.

	Participants At March 31, 1988	Contributions Received		
		Employee	Employer	Total
		$	$	$
University of Alberta	2,350	8,187,516	8,601,048	16,788,564
University of Calgary	1,473	5,665,700	5,755,434	11,421,134
University of Lethbridge	293	1,036,001	1,084,672	2,120,673
Athabasca University	144	404,175	418,718	822,893
Banff Centre for Continuing Education	52	146,979	167,068	314,047
Accounts held on Deposit	112	5,173	–	5,173
Accounts held on Deposit for Deferred Pensions	44	9,125	–	9,125
	4,468	15,454,669	16,026,940	31,481,609

Refunds

Under the terms of the Universities Academic Pension Plan, a member who terminates has the option of transferring both the employee and employer contributions and interest into a registered pension or retirement savings plan. During the year there were 125 such transfers totalling $3,133,479. This amount is shown in the Statement of Receipts and Payments under Other Transfers.

In addition, 35 refunds of excess contributions totalling $31,080 were made to members and employers and four refunds of member contributions and interest totalling $4,309 were made to members terminating employment.

Death in Service Benefits

In the current year five members died while in service. Four of the surviving spouses were granted spousal pensions and one lump sum benefit was paid.

Information and Counselling Services

Payroll and Pensions presented a workshop to assist an employer with its pension administration responsibilities.

A regular information bulletin, Pension News, was prepared for employers. The Alberta Retired Public Employees Society was assisted, by Payroll and Pensions, with the publication of their quarterly newspaper, Postscript.

Pension Benefits

During the year ended March 31, 1988, pension benefits paid totalled $15,180,827, an increase of $3,061,312 (25.3 per cent) over the previous year. A total of 113 pensions were granted in the categories shown in the table below. Previous year figures are included for comparison.

	1988	1987
Normal Retirement	26	24
Early Retirement	83 (51)	51 (35)
Partial or Total Disability	–	1
Death-in-Service (Spousal)	4 (3)	3 (3)
	113 (54)	79 (38)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Of the above retirements, six were in respect of deferred retirements from previous years. All six chose a joint life non-reduced pension option.

Pension options selected by members are as follows:

Member Pensions	At March 31, 1987	New Retire-ments	Benefi-ciaries	Deaths	At March 31, 1988
Normal (guaranteed 15 years)	93	7	1	(1)	100
Single Life	63	15		(2)	76
Guaranteed 5 years	21	3			24
Guaranteed 10 years	34	4		(1)	37
Guaranteed 20 years	46	9	1	(1)	55
Joint Life non-reduced	142	56			198
Joint Life reduced one third	94	15	2	(2)	109
Joint Life reduced one half	20				20
Spousal Pensions					
Single Life	19			(1)	18
Guaranteed 5 years	1				1
Guaranteed 10 years	11	2			13
Guaranteed 15 years	13				13
Guaranteed 20 years	18	2	—	—	20
Total Pensions	575	113	4	(8)	684
Pensions co-ordinated with CPP and/or OAS	173	54	1	(3)	225

The schedule below categorizes the pensions in effect at March 31, 1988, by dollar value of monthly pension.

Dollar Value Per Month	Member Pensions	Spousal Pensions	Total
$ 1 - 999	103	27	130
1,000 - 1,999	211	29	240
2,000 - 2,999	185	9	194
3,000 - 3,999	97	-	97
4,000 and over	23	-	23
	619	65	684

Effective January 1, 1988, a cost of living adjustment of 2.5 per cent was granted to those pensioners in receipt of a pension for one year or more with a proportionately smaller increase granted to those retiring during the year.

STATEMENT OF RECEIPTS AND PAYMENTS
YEAR ENDED MARCH 31, 1988

	1988	1987
	$	$
RECEIPTS:		
Employee contributions	15,454,669	14,966,040
Employer contributions	16,026,940	15,964,856
Interest on overdue receivables	229	66
Total receipts	31,481,838	30,930,962
PAYMENTS:		
BENEFITS		
Pensions to retired members	14,115,046	11,105,009
Pensions to surviving spouses	1,003,547	918,614
Lump sums to beneficiaries of deceased employees	62,234	95,892
	15,180,827	12,119,515
WITHDRAWALS		
Refunds of contributions and interest to terminated members	4,309	35,450
Reciprocal agreement transfers	387,716	337,999
Other transfers	3,133,479	2,051,507
Refunds of excess contributions	31,080	30,303
	3,556,584	2,455,259
Total payments	18,737,411	14,574,774
Excess of receipts over payments	12,744,427	16,356,188

Note: The receipts and payments shown above do not reflect transfers of contributions and interest to and from other pension plans administered by the Alberta Government. Such transfers are detailed under Book Entry Transfers.

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years:

(000's)

	RECEIPTS			PAYMENTS			
Fiscal Year	Member	Employer	Total	Benefits	With-drawals	Total	Excess of Receipts over Payments
	$	$	$	$	$	$	$
1987/88	15,454	16,027	31,481	15,181	3,556	18,737	12,744
1986/87	14,966	15,965	30,931	12,120	2,455	14,575	16,356
1985/86	14,192	14,402	28,594	9,713	2,963	12,676	15,918
1984/85	13,650	13,813	27,463	7,556	2,255	9,811	17,652
1983/84	13,764	13,510	27,274	5,939	1,477	7,416	19,858